

HOUSE BILL REPORT

HB 1219

As Reported by House Committee On:

Health Care
Appropriations

Title: An act relating to authorizing a prescription drug purchasing consortium.

Brief Description: Authorizing a prescription drug purchasing consortium.

Sponsors: Representatives Cody, Schual-Berke, Morrell, Kessler, Simpson, Campbell, P. Sullivan, Williams, Chase, Dickerson, Quall, Kenney, O'Brien, Clibborn, Conway, Green, Lantz, Sells, Kagi, Ormsby, Wallace, McIntire, Upthegrove, Hasegawa and Kilmer; by request of Governor Gregoire.

Brief History:

Committee Activity:

Health Care: 1/25/05, 2/1/05 [DPS];
Appropriations: 2/7/05, 2/9/05 [DPS(HC)].

Brief Summary of Substitute Bill

- Requires the Health Care Authority to establish a prescription drug purchasing consortium, which may include political subdivisions, private entities, labor organizations, and individuals.

HOUSE COMMITTEE ON HEALTH CARE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Cody, Chair; Morrell, Vice Chair; Appleton, Clibborn, Green, Moeller and Schual-Berke.

Minority Report: Do not pass. Signed by 6 members: Representatives Bailey, Ranking Minority Member; Curtis, Assistant Ranking Minority Member; Alexander, Condotta, Hinkle and Skinner.

Staff: Dave Knutson (786-7146).

Background:

Agencies that administer state purchased health care programs participate in an evidence-based prescription drug purchasing program. Based on the findings of an independent pharmacy and therapeutics committee, a preferred drug list is established and negotiations with pharmaceutical manufacturers result in discounted prescription drug prices for state

purchased health care programs. Only state agencies participate in the evidence-based prescription drug purchasing program.

Summary of Substitute Bill:

The administrator of the Health Care Authority will establish a prescription drug purchasing consortium. The consortium may include, on a voluntary basis, local government, private entities, labor organizations, and individuals without insurance, or who are underinsured for prescription drug coverage. The Health Care Authority will impose fees on participants to cover the administrative expense of operating the purchasing consortium. An 11 member advisory committee is created to provide input on the implementation of the purchasing consortium.

Substitute Bill Compared to Original Bill:

The definition of a state-purchased health care program is clarified. State agencies may opt out of the purchasing consortium if they can achieve greater savings in other ways.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: Expanding the current drug purchasing program to others will result in greater savings on prescription drugs.

Testimony Against: No state has successfully attempted this approach. Individuals without drug coverage can get free or reduced priced drugs from existing programs.

Persons Testifying: (In support) Representative Cody, prime sponsor; Ree Sailors, Office of the Governor; Lauren Moughon, American Association of Retired Persons; Dr. Jeff Huebner, Washington Academy of Family Physicians; Eleanor Owen; Bruce Reeves, Senior Citizen Lobby; Michael Warren, Washington State Alliance for Retired Americans; Dr. Art Zoloth, Northwest Pharmacy Services; Bill Daley, Washington Citizen Action; and Robby Stern, Washington State Labor Council.

(Opposed) Cliff Webster, Pharmaceutical Research and Manufacturers of America; and Bob Miller, the Unique Company.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill by Committee on Health Care be substituted therefor and the substitute bill do pass. Signed by 17 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Cody, Conway, Darneille, Dunshee, Grant, Haigh, Hunter, Kagi, Kenney, Kessler, Linville, McDermott, McIntire, Miloscia and Schual-Berke.

Minority Report: Do not pass. Signed by 11 members: Representatives Alexander, Ranking Minority Member; Anderson, Assistant Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Bailey, Buri, Clements, Hinkle, Pearson, Priest, Talcott and Walsh.

Staff: David Pringle (786-7310).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Health Care:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: This program is on the leading edge for states in such programs, but there are many private programs that have purchasing consortiums. The program could offer savings for counties that are experiencing incredible costs associated with purchasing drugs for jail inmates. Some individual inmates cost the cities and counties surprising sums for needed medications. The sheriffs are also working with the Department of Corrections to identify additional possible savings through the consortium. The rising cost of prescription drugs impacts people of all ages. The price of the most-used drugs is increasing at three times the rate of inflation. Thirty-one percent of the population has trouble getting drugs due to cost. These costs underlay the entire health care system, and bringing as many people together as possible will save money. Savings will also come from utilizing the right drugs, not just getting the drugs at lower cost. This program takes advantage of the evidence-based medicine concept in its pooled purchasing. Manufacturers have give-away programs, but they are limited in many ways, and don't lower the market price. The Governor supports this program as it has promise to reduce costs.

Testimony Against: While this bill is intended to send a message about the rising cost of medicine, we provide 25-40 percent discounts to people without coverage and who are within 300 percent of the federal poverty level, and who are under 65. There are no other limits in our program, and we don't cost the state anything. The program provides no documented savings - nor does the similar program that was adopted by state agencies two years ago. This is the state expanding into the private realm. The state's prescription drug card program has been unsuccessful, and Pharma has tried to partner with the state to help with the related

pharmacy connections program, as we thought we could do a better job. Our efforts through Rx Help for Washington have already helped far more people than the state programs.

Persons Testifying: (In support) Steve Whybark, Mason County Sheriff; Bruce Reeves, AARP and Senior Citizens Lobby; Bill Daley, Washington Citizen Action; Debbie Wilke, Washington Association of County Officials; Art Zolotz, Northwest Pharmacy Services; Duane Thurman, Pete Cutler and Connie Robbins, Health Care Authority.

(Opposed) Cliff Webster, Pharmaceutical Research and Manufacturers of America; Mellani Hughes McAleenan, Association of Washington Business; and Bill Struyk, Together Rx.

Persons Signed In To Testify But Not Testifying: None.